2026 W4 Setup Information

Data Pro Accounting Software has ensured that all of the necessary **Federal Tax Tables** were included beginning in the **2020 Payroll** update to be able to comply with the necessary calculations and reporting as dictated by the new **IRS** rules starting in **2020**.

Redesigned Form W-4 beginning in 2020.

The IRS has redesigned the Form W-4 beginning in 2020 through 2026. In the past, the value of a withholding allowance was tied to the amount of the personal exemption. ***Due to changes in the law, taxpayers can no longer claim personal exemptions or dependency exemptions; therefore, the 2026 Form W-4 no longer asks an employee to report the number of withholding allowances that they are claiming.***

The revised **Form W-4** is divided into five **(5)** steps. **Step 1** and **Step 5** apply to all employees. In **Step 1**, employees enter personal information like their name and filing status. In **Step 5**, employees sign the form. Employees who complete only **Step 1** and **Step 5** will have their withholding figured based on their filing status's standard deduction and tax rates with no other adjustments.

If applicable, in **Step 2**, employees increase their withholding to account for higher tax rates due to income from other jobs in their household. Under **Step 2**, employees either enter an additional amount to withhold per payroll period in **Step 4**(c) or check the box in **Step 2**(c) for higher withholding rate tables to apply to their wages. In **Step 3**, employees decrease their withholding by reporting the annual amount of any tax credits for dependent children they will claim on their income tax return.

In **Step 4**, employees may increase or decrease their withholding based on the annual amount of other income or deductions they will report on their income tax return and they may also request any additional federal income tax they want withheld each pay period. ***Employees who have submitted Form W-4 in any year before 2020 aren't required to submit a new form merely because of the redesign. Employers will continue to figure withholding based on the information from the employee's most recently submitted Form W-4.*** The withholding tables in **Pub. 15-T** allow employers to figure withholding based on a **Form W-4** for an earlier year as well as the redesigned **2026 Form W-4**.

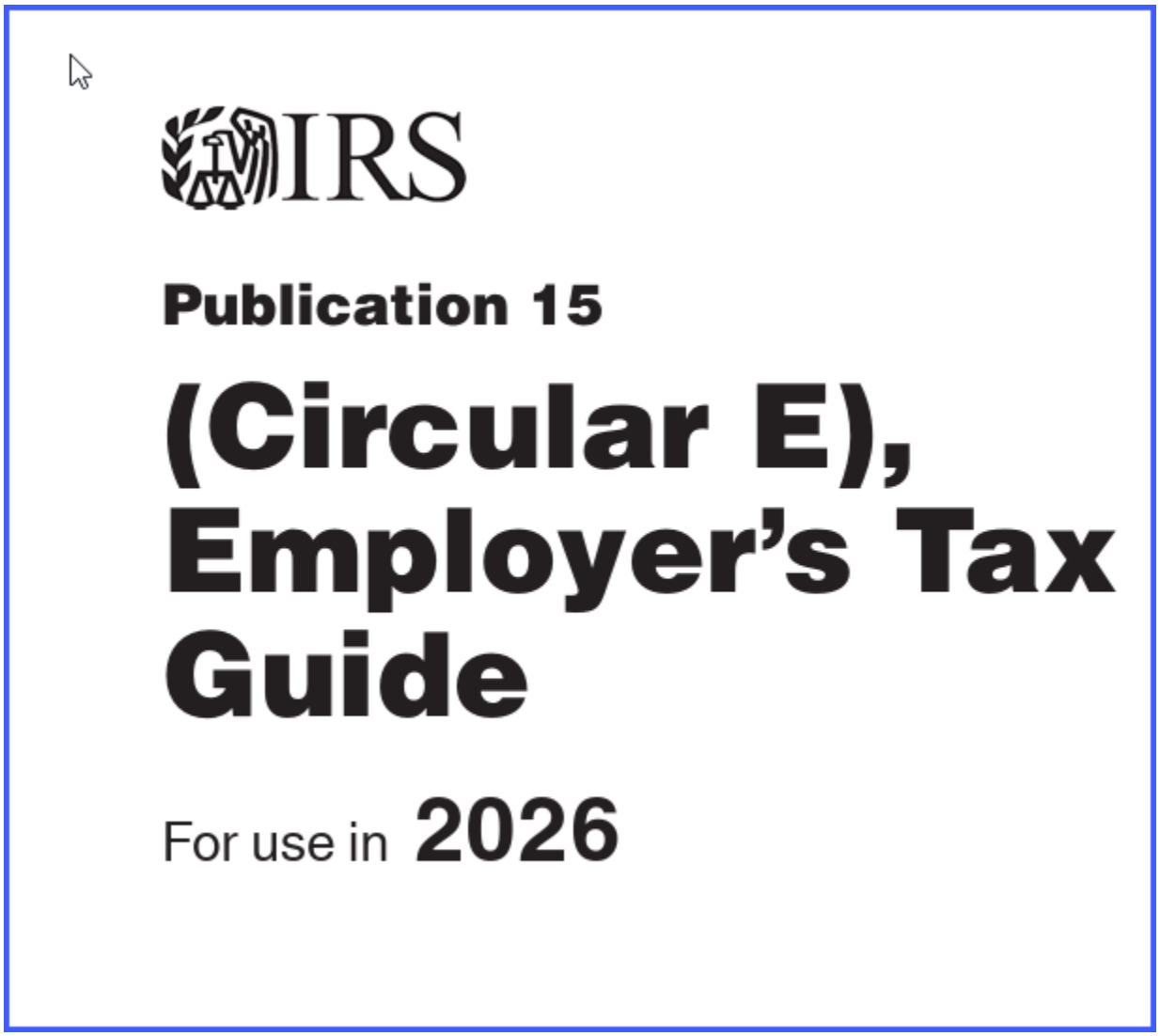
While you may ask your employees first paid wages before **2020** to submit new **Form W-4** using the redesigned version of the form, you should explain to them that they’re not required to do this and if they don't submit a new **Form W-4**, withholding will continue based on a valid **Form W-4** previously submitted**.**

All newly hired employees first paid wages after 2019 must use the redesigned form. Similarly, any other employees who wish to adjust their withholding must use the redesigned form. A new employee who is first paid wages in **2020** and beyond, including an employee who previously worked for you and was rehired in **2020** and beyond, and who fails to furnish a **Form W-4** will be treated as if they had checked the box for Single or Married filing separately in **Step 1**(c) and made no entries in **Step 2**, **Step 3**, or **Step 4** of the **2025 Form W-4**.

However, an employee who was paid wages in **2019** and who failed to furnish a **Form W-4** should continue to be treated as single and claiming zero allowances on a **2026 Form W-4**. For the latest information about developments related to **Form W-4**, go to **IRS.gov/FormW4**.

We advise you to go to the **IRS** link below to read the specific details on how employees need to complete the new version of the **W-4** form.

https://www.irs.gov/pub/irs-pdf/p15.pdf



For **Employers**, you may download the new **W-4** form from the **IRS** web site at:

https://www.irs.gov/pub/irs-pdf/fw4.pdf

Form **W-4**

Department of the Treasury
Internal Revenue Service

Employee's Withholding Certificate

Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay.
Give Form W-4 to your employer.
Your withholding is subject to review by the IRS.

OMB No. 1545-0074

2026

Step 1: Enter Personal Information

(a) First name and middle initial | Last name | **(b) Social security number**

Address

City or town, state, and ZIP code

Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to *www.ssa.gov*.

(c) ☐ **Single** or **Married filing separately**
☐ **Married filing jointly** or **Qualifying surviving spouse**
☐ **Head of household** (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)

Caution: To claim certain credits or deductions on your tax return, you (and/or your spouse if married filing jointly) are required to have a social security number valid for employment. See page 2 for more information.

Employees will need to complete this new **W-4** form and return it to their **Employers**. Based on their answers, you will then need to complete the additional form for **Employers** before you can set up the new **Federal Withholding Tables** within the **Data Pro Infinity POWER Payroll** module.

https://www.irs.gov/businesses/small-businesses-self-employed

File Pay Refunds Credits & Deductions Forms & Instructions

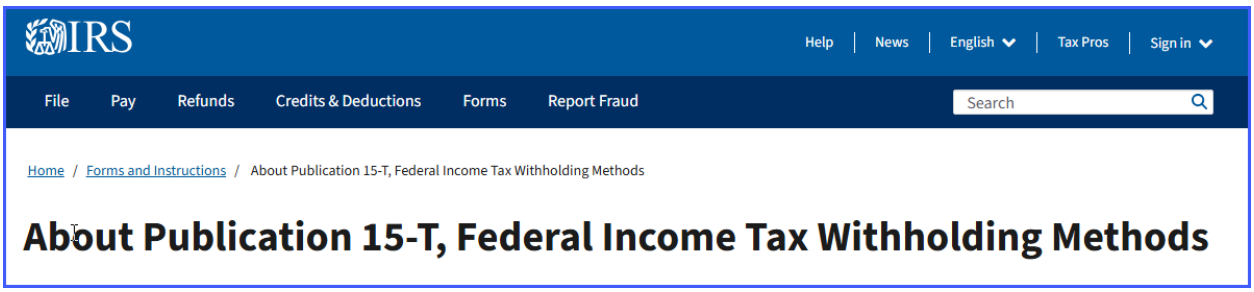
Home / File / Businesses and self-employed / Small Businesses Self-Employed

Small business and self-employed tax center

Income Tax Withholding Assistant for Employers

The **Income Tax Withholding Assistant** is a spreadsheet that can help small employers calculate the amount of federal income tax to withhold from their **Employee's** wages. It can help you as you transition to the new **Form W-4** for **2026**. Use the **Income Tax Withholding Assistant** if you typically use **Publication 15-T** to determine your **Employee's** income tax withholding.

https://www.irs.gov/forms-pubs/about-publication-15-t



Percentage Method Tables for Automated Payroll Systems: If you have an automated payroll system, like the **Data Pro Infinity POWER Payroll** module, use the worksheet below and the **Percentage Method** tables that follow to figure federal income tax withholding. This method works for **Forms W-4** from **2019** or earlier and **Forms W-4** from **2020** or later. This method also works for any amounts of wages. If the **Form W-4** is from **2019** or earlier, this method works for any number of withholding allowances claimed.

Worksheet 1. Employer's Withholding Worksheet for Percentage Method Tables for Automated Payroll Systems *Keep for Your Records*

Table 3	Semiannually	Quarterly	Monthly	Semimonthly	Biweekly	Weekly	Daily
	2	4	12	24	26	52	260

Step 1. Adjust the employee's wage amount

1a Enter the employee's total taxable wages this payroll period ..... 1a $

1b Enter the number of pay periods you have per year (see Table 3) 1b

1c Multiply the amount on line 1a by the number on line 1b ..... 1c $

If the employee **HAS** submitted a Form W-4 for 2020 or later, figure the Adjusted Annual Wage Amount as follows:

1d Enter the amount from Step 4(a) of the employee's Form W-4 ..... 1d $

1e Add lines 1c and 1d ..... 1e $

1f Enter the amount from Step 4(b) of the employee's Form W-4 ..... 1f $

1g If the box in Step 2 of Form W-4 is checked, enter -0-. If the box is not checked, enter $12,900 if the taxpayer is married filing jointly or $8,600 otherwise ..... 1g $

1h Add lines 1f and 1g ..... 1h $

1i Subtract line 1h from line 1e. If zero or less, enter -0-. This is the **Adjusted Annual Wage Amount** ..... 1i $

If the employee **HAS NOT** submitted a Form W-4 for 2020 or later, figure the Adjusted Annual Wage Amount as follows:

1j Enter the number of allowances claimed on the employee's most recent Form W-4 ..... 1j

1k Multiply line 1j by $4,300 ..... 1k $

1l Subtract line 1k from line 1c. If zero or less, enter -0-. This is the **Adjusted Annual Wage Amount** ..... 1l $

Step 2. Figure the Tentative Withholding Amount

based on the employee's Adjusted Annual Wage Amount; filing status (Step 1(c) of the 2020 Form W-4) or marital status (line 3 of Form W-4 from 2019 or earlier); and whether the box in Step 2 of 2020 Form W-4 is checked.

Note. Don't use the Head of Household table if the Form W-4 is from 2019 or earlier.

2a Enter the employee's **Adjusted Annual Wage Amount** from line 1i or 1l above ..... 2a $

2b Find the row in the appropriate **Annual** Percentage Method table in which the amount on line 2a is at least the amount in column A but less than the amount in column B, then enter here the amount from column A of that row ..... 2b $

2c Enter the amount from column C of that row ..... 2c $

2d Enter the percentage from column D of that row ..... 2d %

2e Subtract line 2b from line 2a ..... 2e $

2f Multiply the amount on line 2e by the percentage on line 2d ..... 2f $

2g Add lines 2c and 2f ..... 2g $

2h Divide the amount on line 2g by the number of pay periods on line 1b. This is the **Tentative Withholding Amount** ..... 2h $

Step 3. Account for tax credits

3a If the employee's Form W-4 is from 2020, enter the amount from Step 3 of that form; otherwise enter -0- ..... 3a $

3b Divide the amount on line 3a by the number of pay periods on line 1b ..... 3b $

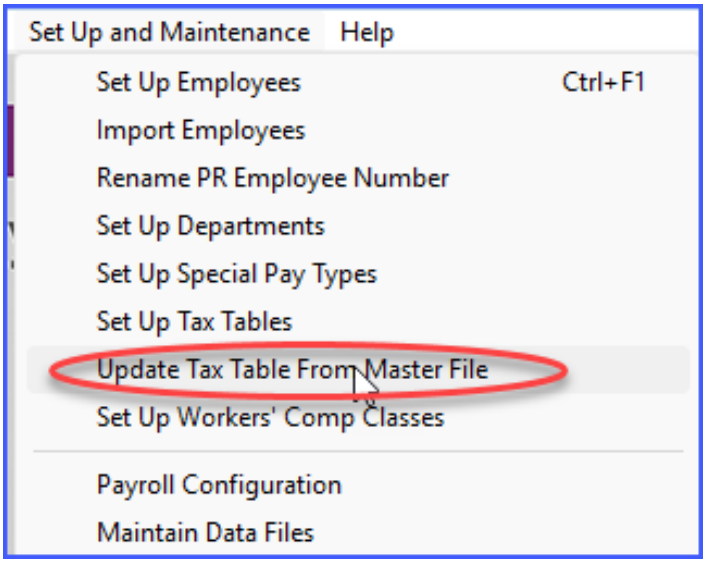
3c Subtract line 3b from line 2h. If zero or less, enter -0- ..... 3c $

Step 4. Figure the final amount to withhold

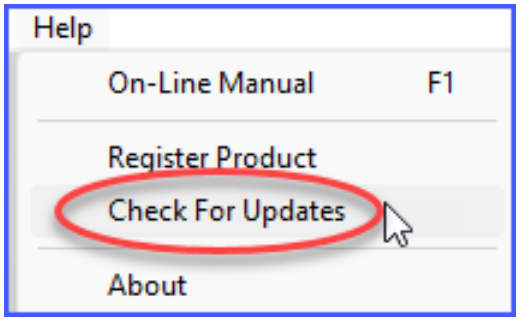
4a Enter the additional amount to withhold from the employee's Form W-4 (Step 4(c) of the 2020 form or line 6 on earlier forms) ..... 4a $

4b Add lines 3c and 4a. **This is the amount to withhold from the employee's wages this pay period** ..... 4b $

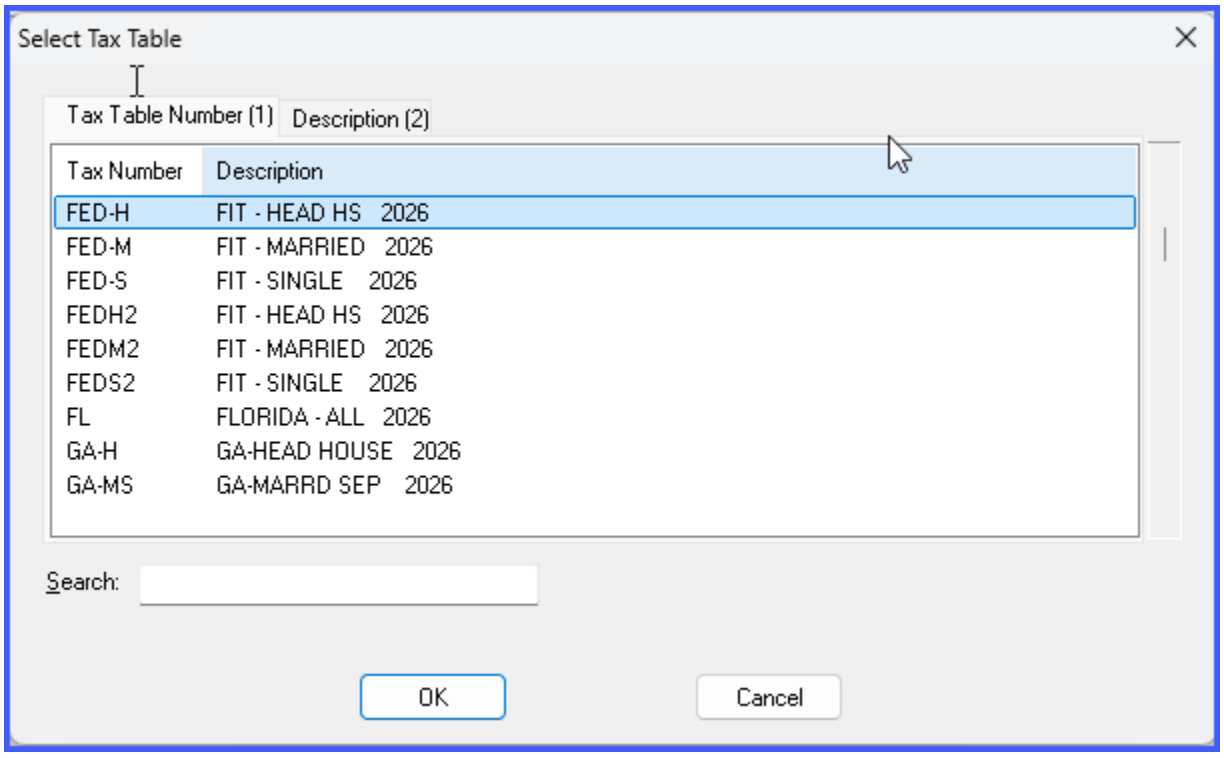
When you go to the **"Set Up and Maintenance"** option in the **Infinity POWER Payroll** module, after you have downloaded the updates using the **DP/Update** option, make sure your last Payroll for **2025** has been completed before updating your **Payroll Tax Tables** for **2026**. Then, choose the option **"Update Tax Table From Master File."** This will take the download and update your company files on your local PC or Server with the latest update. This option needs to be performed for each company that is using the **Payroll** module.



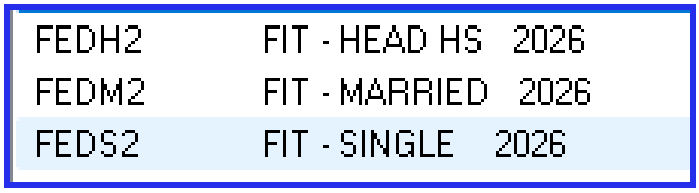
You must be on **Version 7.62,** or higher, to be able to use the **DP/UPDATE** option which is the **"Check For Updates"** menu option under the **"Help"** menu selection.



Once you have performed this task, you can click on the **"Set Up Tax Tables"** menu option and then click on the binoculars <button>. Type in **"Fed"** in the **Search** field and you will see the updated list of new **Federal Tax Tables** that are now available.



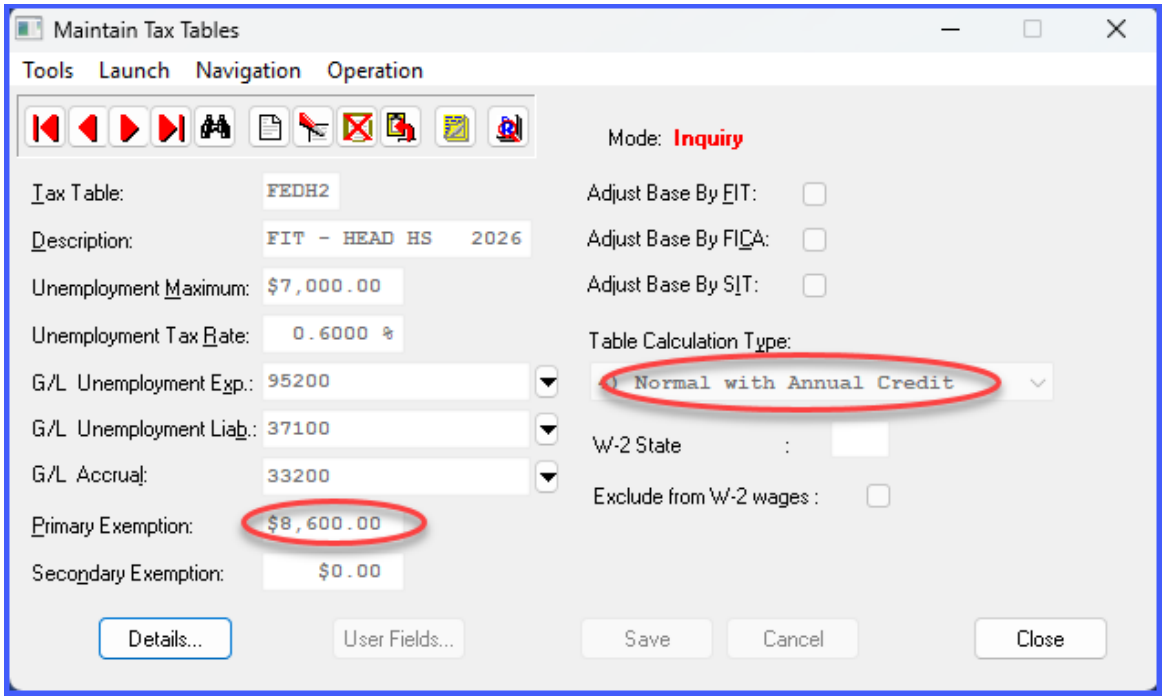
The bottom three **(3) Federal Tax Tables** listed below are the new tables for **2026**.

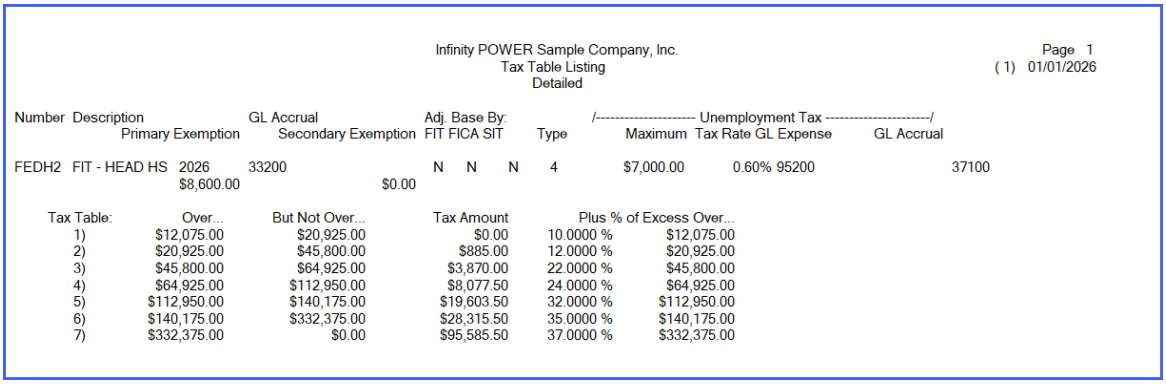


As mentioned earlier in the **IRS** documentation, ***Employees who have submitted Form W-4 in any year before 2020 aren't required to submit a new form merely because of the redesign. Employers will continue to figure withholding based on the information from the employee's most recently submitted Form W-4.*** This would mean **Employers** could continue to use the existing **Fed-S** and **Fed-M** tables listed for **2026**. Only if existing **Employees** want to make a change to their **W-4** or you hire someone **"new"** must you use these three **(3)** new **Federal Tax Tables** for **2026**.

Below are screen shots and printout of these three **(3)** new **Federal Tax Tables** should you need to manually set up these tables due to your current version number or lack of Internet access to your accounting server. Please note that these new tables are based on **"Tax Credits"** as specified by the **IRS**, which is different than the existing **Fed-S** and **Fed-M** tables. Also, note the **"Primary Exemption"** amounts for each specific table.

Federal H2 – Head of Household



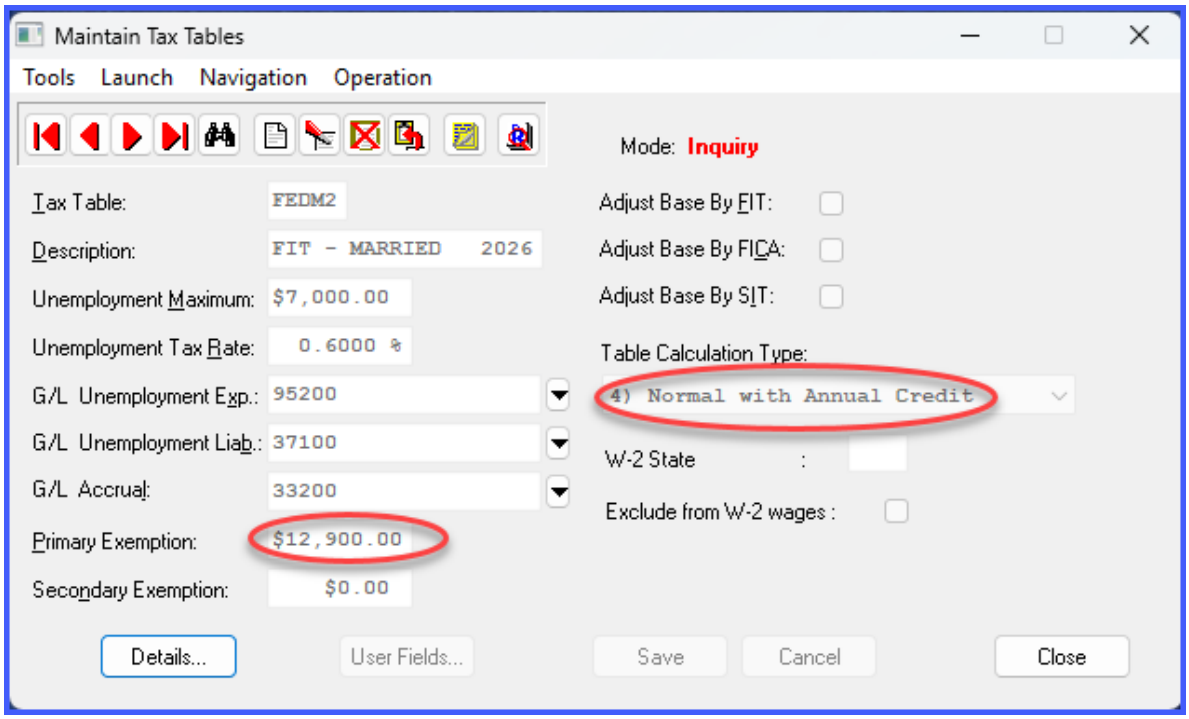


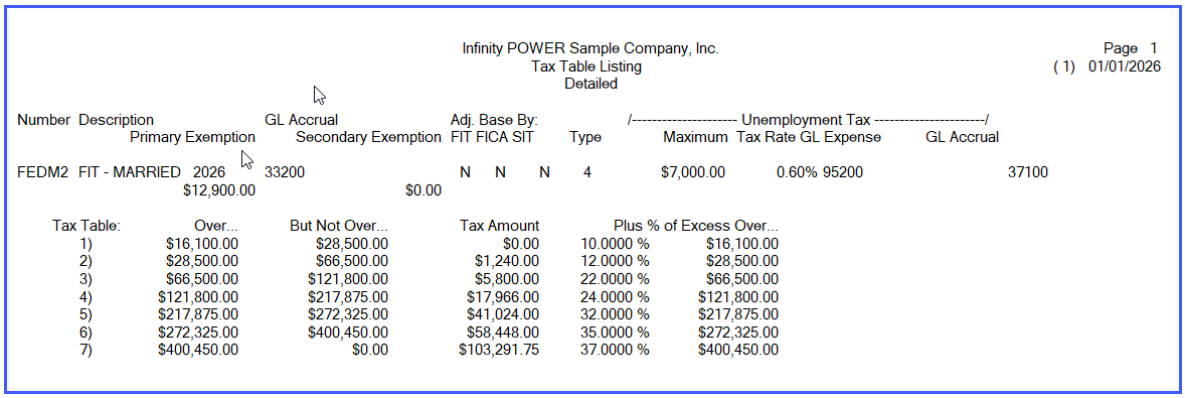
Infinity POWER Sample Company, Inc. — Page 1
Tax Table Listing — (1) 01/01/2026
Detailed

Number	Description	Primary Exemption	GL Accrual	Secondary Exemption	Adj. Base By: FIT	FICA	SIT	Type	Unemployment Tax Maximum	Tax Rate	GL Expense	GL Accrual
FEDH2	FIT - HEAD HS 2026	$8,600.00	33200	$0.00	N	N	N	4	$7,000.00	0.60%	95200	37100

Tax Table:	Over...	But Not Over...	Tax Amount	Plus % of Excess Over...	
1)	$12,075.00	$20,925.00	$0.00	10.0000 %	$12,075.00
2)	$20,925.00	$45,800.00	$885.00	12.0000 %	$20,925.00
3)	$45,800.00	$64,925.00	$3,870.00	22.0000 %	$45,800.00
4)	$64,925.00	$112,950.00	$8,077.50	24.0000 %	$64,925.00
5)	$112,950.00	$140,175.00	$19,603.50	32.0000 %	$112,950.00
6)	$140,175.00	$332,375.00	$28,315.50	35.0000 %	$140,175.00
7)	$332,375.00	$0.00	$95,585.50	37.0000 %	$332,375.00

Federal M2 – Married





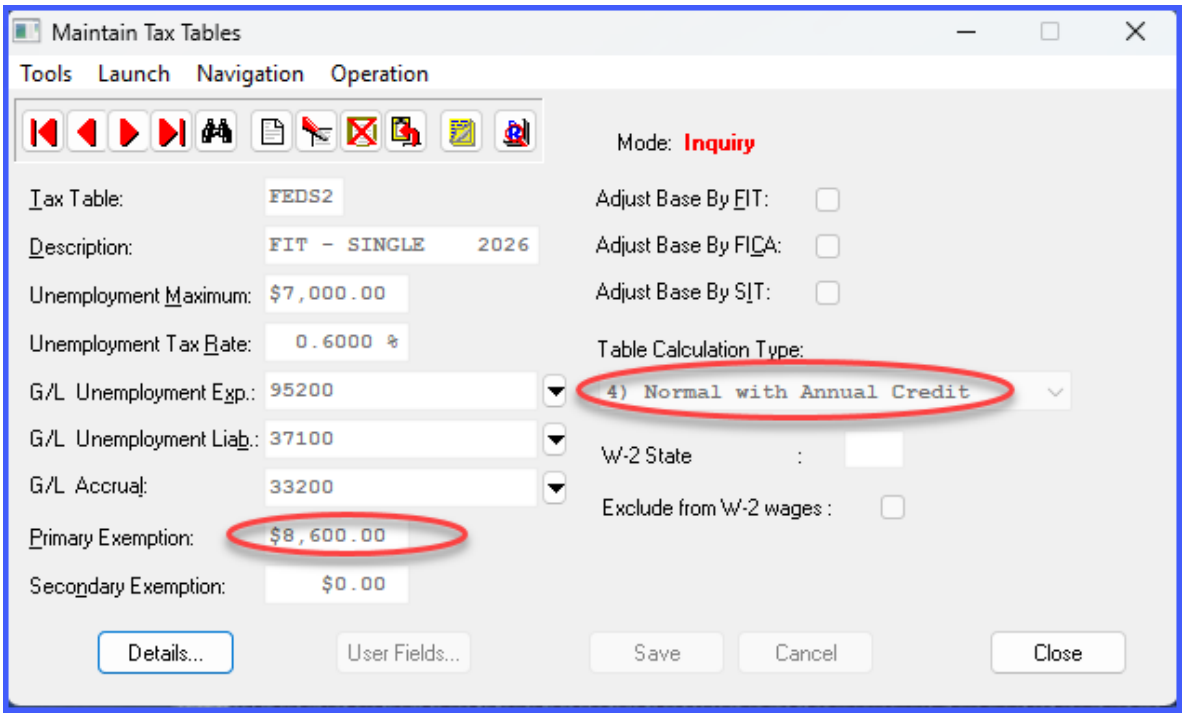
Infinity POWER Sample Company, Inc.
Tax Table Listing
Detailed

Page 1
(1) 01/01/2026

Number	Description	GL Accrual	Adj. Base By:				/---------- Unemployment Tax ----------/			
	Primary Exemption	Secondary Exemption	FIT	FICA	SIT	Type	Maximum	Tax Rate	GL Expense	GL Accrual
FEDM2	FIT - MARRIED 2026	33200	N	N	N	4	$7,000.00	0.60%	95200	37100
	$12,900.00	$0.00								

Tax Table:	Over...	But Not Over...	Tax Amount	Plus % of Excess Over...	
1)	$16,100.00	$28,500.00	$0.00	10.0000 %	$16,100.00
2)	$28,500.00	$66,500.00	$1,240.00	12.0000 %	$28,500.00
3)	$66,500.00	$121,800.00	$5,800.00	22.0000 %	$66,500.00
4)	$121,800.00	$217,875.00	$17,966.00	24.0000 %	$121,800.00
5)	$217,875.00	$272,325.00	$41,024.00	32.0000 %	$217,875.00
6)	$272,325.00	$400,450.00	$58,448.00	35.0000 %	$272,325.00
7)	$400,450.00	$0.00	$103,291.75	37.0000 %	$400,450.00

Federal S2 – Single



Infinity POWER Sample Company, Inc.
Tax Table Listing
Detailed

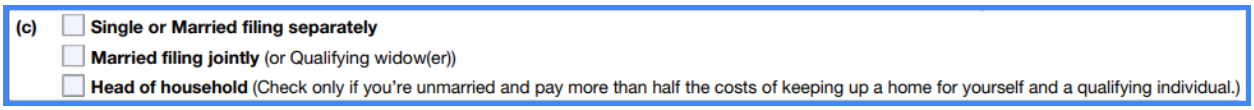
Page 1
(1) 01/01/2026

Number	Description	Primary Exemption	GL Accrual	Secondary Exemption	Adj. Base By: FIT	FICA	SIT	Type	Unemployment Tax Maximum	Tax Rate	GL Expense	GL Accrual
FEDS2	FIT - SINGLE 2026	$8,600.00	33200	$0.00	N	N	N	4	$7,000.00	0.60%	95200	37100

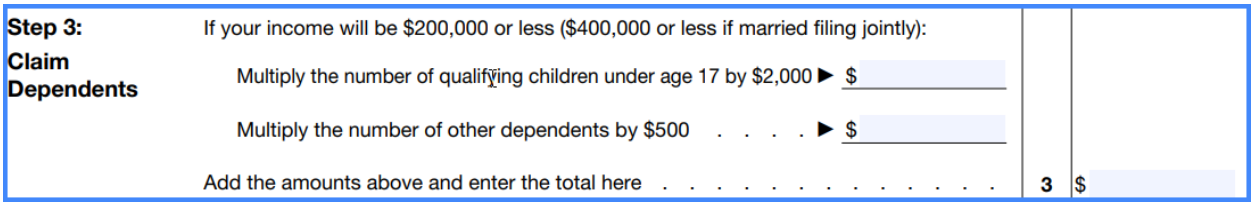
Tax Table:	Over...	But Not Over...	Tax Amount	Plus % of Excess Over...	
1)	$8,050.00	$14,250.00	$0.00	10.0000 %	$8,050.00
2)	$14,250.00	$33,250.00	$620.00	12.0000 %	$14,250.00
3)	$33,250.00	$60,900.00	$2,900.00	22.0000 %	$33,250.00
4)	$60,900.00	$108,938.00	$8,983.00	24.0000 %	$60,900.00
5)	$108,938.00	$136,163.00	$20,512.00	32.0000 %	$108,938.00
6)	$136,163.00	$328,350.00	$29,224.00	35.0000 %	$136,163.00
7)	$328,350.00	$0.00	$96,489.63	37.0000 %	$328,350.00

Setting up an Employee using the new 2026 W4 Data

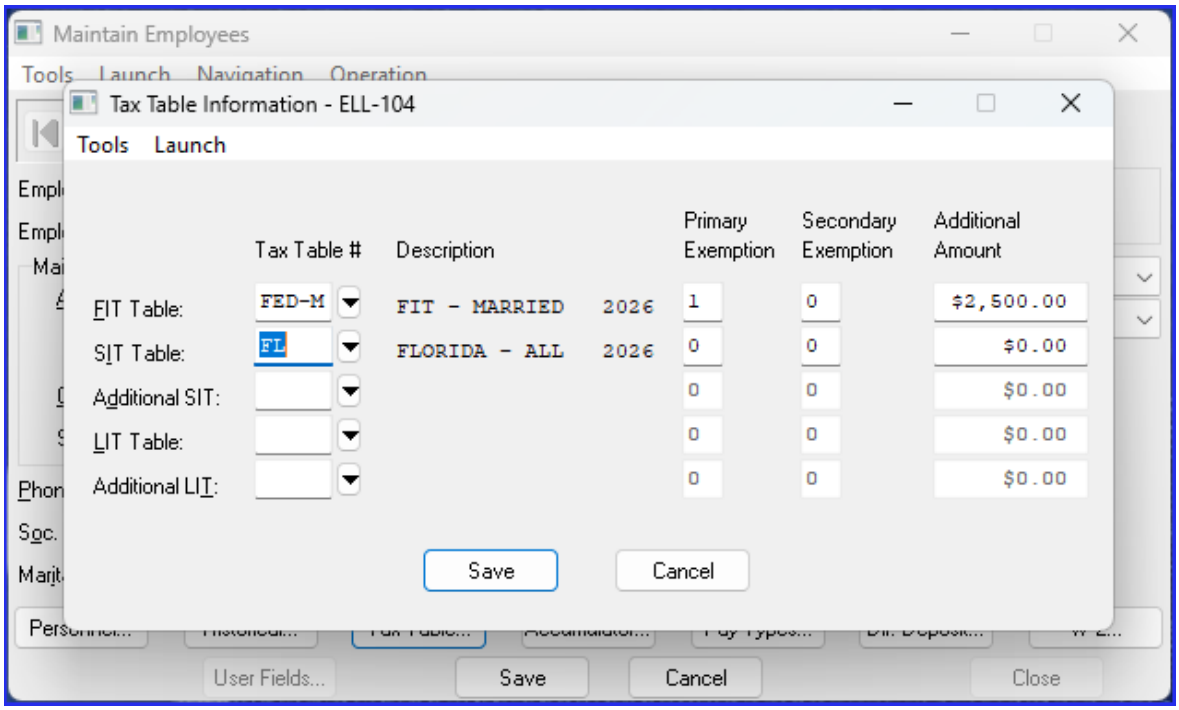
There are now three **(3)** Federal Tax Tables instead of two **(2)**, because the **IRS** has added a third for a **"Head of Household"** treatment. When you read the **W-4** form itself, you can determine whether or not, you would qualify for this status or not.



The way you would configure an employees' set up on their Payroll record is dictated by the way they answer the new questions on their **W-4**. This also has to do with how many children they are claiming under the age of **17** and how many are over **17** as is covered in **Step 3** below.



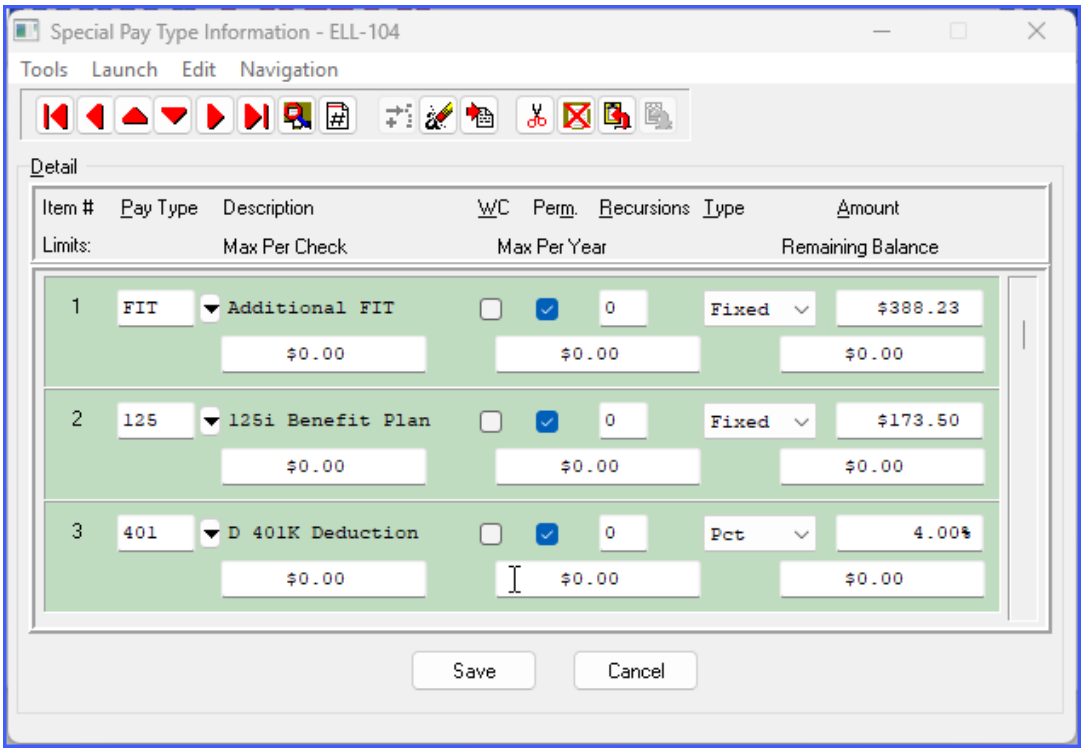
For instance, in the option above, let's say the employee claims one child under **17** years old and one above. That would provide for **$2000** in the first line and **$500** in the second line for a total amount of **$2500**. How that would translate to their **FedM2 – Married 2026 Tax Table** set up on their employee record is shown below. You would enter **"1"** for the **"Primary Exemption"** for all records and enter the **Additional Amount** ***(annual tax credit)*** to the right.



Step 4 on the **W-4** form then prompts each employee to enter the additional number of deductions or additional withholding they would like deducted from each Payroll cycle. There is a whole table of calculations that gets them to these answers. This definitely applies to Married couples who both have jobs. This provision is anticipating that the combined income of the two **(2)** parties is going to throw their joint income into a higher tax bracket. As a result, the net calculation is trying to have more money withheld along the way to ensure the Federal Taxes are covered by the end of the year.

Step 4 (optional): Other Adjustments	**(a) Other income (not from jobs).** If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income	**4(a)**	$
	(b) Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here	**4(b)**	$
	(c) Extra withholding. Enter any additional tax you want withheld each **pay period** .	**4(c)**	$

Therefore, when a number is entered into any of these boxes, the **Employer** is going to the **Employee's** Payroll record to set up the **"Earning"** or **"Deduction"** code under their **"Special Pay Types"** setup as seen below. In this example, this assumes the **Employee** has requested an additional **$388.23,** per pay cycle, to be withheld from their check and submitted to the **IRS** for their Federal Taxes.



For any other specific information on the new Payroll changes, we suggest you contact your CPA or accountant for specific advice for your firm or your **Employees'** needs.